

Appendix D: Program Specific Requirements

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Program Specific Requirements

HOME Investments Partnership Act (HOME) Program

MASSACHUSETTS HOME PROGRAM ONE-YEAR ACTION PLAN FOR FEDERAL FISCAL YEAR 2006

The Department of Housing and Community Development will receive an allocation of approximately \$14,085,789 in HOME funds including \$329,395 in American Dream Downpayment Initiative funds in federal fiscal year 2006. DHCD plans to reserve 10 percent of the HOME allocation for administrative purposes, and award the majority of the remaining \$12,710,000 through competitive funding rounds.

DHCD will continue to award its rental and homeownership funds through a competitive RFP process. DHCD will award federal fiscal year 2006 HOME program funds to two program types: multi-family rental loans and homebuyer assistance. Eligible applicants for HOME funds are municipalities, non-profit agencies (including CHDOs as defined by HUD), and for-profit developers. Note: A minimum of 15 percent of the federal FY 2006 allocation will be reserved for CHDOs serving as owners, sponsors, or developers of rental production projects or project-based first-time homebuyer projects. The Director of DHCD reserves the right to consider geographic distribution in making funding decisions for the 15 percent CHDO set-aside. DHCD will continue its practice of encouraging CHDOs to participate in the HOME program.

Allocation of Funds

DHCD will continue its past practice of seeking to competitively award HOME funds in those areas of the Commonwealth that do not receive HOME funds as a result of entitlement community or HOME consortium designation. DHCD also will competitively award HOME funds for rental loan projects and project-based homebuyer assistance in entitlement communities that provide a match for DHCD administered HOME funds.

During federal FY 2006 DHCD anticipates the following approximate amounts will be awarded through a competitive RFP process, depending upon the level of demand in each program category:

- \$9,550,000 - rental loan program
- \$329,395 – American Dream Downpayment Initiative (HOME ADDI), with an additional \$250,000 of either HOME homebuyer assistance or de-obligated HOME Administrative funds.
- \$2,580,755 – project-based first-time homebuyer program

During federal FY 2006, DHCD anticipates that up to \$750,000 of the \$9.55 million in rental funds may be awarded on a rolling basis to assist suburban cities and towns in facilitating the new production of affordable rental properties through the Suburban Rental Development Pilot Production Program. The pilot program will provide intensive technical assistance from the Massachusetts Housing Partnership Fund (MHP), pre-development funding and permanent financing from DHCD and MHP. The community also must contribute to the project, but no additional capital subsidy sources will be permitted.

Evaluation Criteria for HOME Projects

DHCD will continue to competitively award HOME funds for Rental Loan and Project-based Homebuyer Projects. HOME entitlement communities must provide a match for projects seeking DHCD administered HOME funds.

The following criteria are used to evaluate projects:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- adherence to sustainable development principles
- suitable site and design
- appropriate scopes of rehabilitation or construction
- appropriate efforts to address energy conservation/green measures
- appropriate total development cost for properties included in proposal
- financial viability of the project
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.

The following terms and conditions apply to all HOME competitively awarded multi-family rental projects:

Terms and Conditions: Multi-Family Rental Projects	
Eligible Borrowers	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above.
Eligible Activities	Acquisition and/or rehabilitation of existing structures for multi-family rental use, including distressed or failed properties, or the new construction of multi-family rental projects. Minimum project size of 5 HOME-assisted units.
Maximum Loan Amount	DHCD will award up to \$750,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit.
Match Requirement	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a match, it may not be scored. In general, preference will be given to applications with full match commitments.
Cost/Fee Limits	Projects with Total Development Costs in excess of \$165,000 per unit may not be scored. Developer Fee + overhead may not exceed 12.5% of a project's Total Development Cost (with the exception of applicants also seeking LIHTC).
Security	All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal.

Terms and Conditions: Multi-Family Rental Projects	
Affordability	All units receiving HOME assistance must be occupied by households earning no more than 60% of the area median income and affordable to households earning 65% of the area median income. At least 20% of the HOME units must be affordable to households earning no more than 50% of area median income.
Holdback Feature	DHCD provides HOME funds through a simple requisition process and holds back 10% of the HOME award until the project is substantially complete.
Term of Loan	Loans will be for 30 years. During the final year of a loan, the owner may request an extension of up to 30 years in order to maintain the affordability of the housing.
Recourse	The loans will be non-recourse.
Interest Rate	Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates. DHCD reserves the right to assign a higher rate of interest to any HOME loan. HOME loans to projects receiving allocations of Low Income Housing Tax Credits are made at the Applicable Federal Rate (or higher) as required by the Tax Credits program.
Debt Coverage Ratio	DHCD expects HOME projects to have minimum debt coverage ratios of approximately 1.15 in year one.
Environmental	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
Lead Paint Requirements	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.
Handicapped Accessibility	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with handicaps.
Good Standing at DHCD	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.

Terms and Conditions: Multi-Family Rental Projects	
Application Fees	The application fee for non-profit developers is \$300 per project; the fee for for-profit developers is \$750 per project.

The Suburban Rental Development Pilot Production Program will be particularly tailored to the needs of each individual community. Communities will be selected based on the need for rental housing production. HOME entitlement communities are excluded from the pilot. Each community selected under the pilot will enter into an agreement regarding the project schedule and the milestones to be met, MHP's continued provision of technical assistance and the commitment of any HOME and MHP financing will be contingent on the achievement of the milestones.

The following terms and conditions will apply to all HOME-funded Suburban Rental Development Pilot Production projects:

Terms and Conditions: HOME-funded Suburban Rental Development Pilot Production Projects	
Eligible Borrowers	For-profit and non-profit developers.
Eligible Properties	New construction or rehabilitation of properties that have been vacant for more than six months for multi-family rental use. Minimum project size is five units. Minimum number of affordable units is three. Minimum number of bedrooms per affordable unit is two.
First Mortgage	Permanent debt financing from MHP secured by a first mortgage.
Term/Amortization of First Mortgage	Maximum term of 20 years, fully amortizing over a maximum of 30 years. A prepayment penalty will be assessed if the loan is prepaid in whole or in part prior to maturity.
Loan-to-Value Ratio	First mortgage loan must be no higher than 85% of the lower of total development cost (TDC) or appraised value. The deferred payment loans will be used to fund the gap between the first mortgage and the TDC.
Recourse	First mortgage loan will be recourse to the borrower; guarantees may also be required.
Prepayment of First Mortgage	No prepayment will be allowed within the first ten years after the loan is closed, and thereafter prepayment is only allowed provided that arrangements satisfactory to the MHP Fund for the continuation of the affordability restrictions at the property are made. Payment of a yield maintenance premium will also be required.
HOME Subsidy Amount	Subsidy limits will vary by unit size and location, following federal HOME limits. DHCD will provide up to \$1 million per project and up to the maximum HOME per unit subsidy limit.
HOME Subsidy Security	All HOME loans will be secured by a mortgage on the property, subordinate to the MHP first mortgage loan.

Terms and Conditions: HOME-funded Suburban Rental Development Pilot Production Projects	
Term of HOME Loan	Loans will be 30-year, 0%, deferred payment loans. The loans will be non-recourse.
HOME Affordability	At least 20% of the units must be affordable to households earning less than 50% of the area median income. A maximum of 80% of the units must be affordable to households earning 60% of area median income, unless project-based Section 8 is made available to the project. The project must remain affordable for 30 years, regardless of whether the loan is prepaid.
MHP Subsidy Amount	MHP will provide up to \$500,000 per project and up to \$40,000 per affordable unit.
MHP Subsidy Security	All MHP subsidy loans will be secured by a mortgage on the property, subordinate to the MHP first mortgage loan.
Term of MHP Subsidy	Loans will 20-year, 0%, deferred payment loans.
Other Capital Subsidy	The community must contribute to the project (i.e., contribution of cash or land, permitting assistance, etc.). No additional capital subsidy sources are permitted.
Debt Coverage Ratio	Minimum debt coverage ratio of 1.10x; 1.15x for properties with fewer than 20 units.
Operating Subsidy	DHCD will make available project-based Section 8 for up to 25% of the units in a project with rents at the maximum allowable payment standard. Local housing authorities also will be encouraged to make project-based Section 8 available.
Developer Fees	Developer fees, overhead, and consultant fees will be limited to a maximum of 10% of the TDC, net of such fees.
Environmental	An ASTM Phase One environmental site assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing.
Lead Paint Requirements	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.
Handicapped Accessibility	For the new construction of any units or the substantial rehabilitation of 15 or more units of multi-family housing, Section 504 requires that 5% of the units (but not less than 1 unit) be accessible to individuals with mobility impairments and an additional 2% of the units (but not less than 1 unit) be accessible to individuals with sensory impairments. For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that the units be accessible to and usable by individuals with handicaps.

Terms and Conditions: HOME-funded Suburban Rental Development Pilot Production Projects	
Application Fees	No application fee. After initial underwriting, an inspection fee may be required before proceeding with a site inspection and final underwriting. The commitment fee is 1.5% of MHP's combined first mortgage and subsidy mortgage amount.

The following criteria are used to evaluate first-time homebuyer projects:

- strength of overall concept
- strength of development team
- demonstrated need for project in the target neighborhood
- adherence to smart growth and sustainable development principles
- suitable site and design
- appropriate scopes of rehabilitation or construction
- appropriate efforts to address energy conservation/green measures
- appropriate total development cost for properties included in proposal
- appropriate sales prices and affordability analyses included in proposal
- evidence of marketability and buyer selection plan included in proposal
- degree of local support, including local funding commitments
- evidence of readiness to proceed
- evidence of satisfactory progress on previously funded projects.

The following terms and conditions apply to all HOME-funded project-based first-time homebuyer projects:

Terms and Conditions: HOME-Funded Project-Based First Time Homebuyer Projects	
Eligible Borrowers:	For profit developers; non-profit developers; non-profit organizations designated as CHDOs; municipalities in cooperation with any of the above.
Eligible Activities	Acquisition and/or rehabilitation of existing structures for sale to income eligible first-time homebuyers, including distressed or failed properties, or the new construction of homeownership projects. Minimum project size of 3 HOME-assisted ownership units, which must be secured with a signed Purchase & Sale Agreement at the time of application.
Eligible Properties	Eligible property types are 1-4 family residences, condominiums and manufactured homes and lots
Maximum Loan Amount	DHCD will award up to \$750,000 per project and up to \$50,000 per HOME-assisted unit in HOME entitlement/consortium communities. In non-entitlement or non-consortium communities, the maximum loan is up to \$65,000 per HOME-assisted unit.
Match Requirement	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a match, it may not be scored. In

Terms and Conditions: HOME-Funded Project-Based First Time Homebuyer Projects	
	general, preference will be given to applications with full match commitments.
Cost/Fee Limits	Projects with Total Development Costs exceeding the recommended TDC limit of \$165,000 per unit may not be scored. The total of the Developer Fee + Developer Overhead may not exceed 12.5% of the project's TDC.
Security	All HOME loans will be secured by a mortgage on the property. HOME funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal. Upon sale of a unit in accordance with the terms of the loan and execution of a deed rider by an income-eligible first-time homebuyer, the principal amount due under the loan is reduced by the amount of HOME funds applicable to the unit.
Affordability	All first-time homebuyers purchasing HOME-assisted units must earn no more than 80% of the area median income. Each HOME-assisted unit must have an appraised value that does not exceed 95% of the area's median price, as determined by the Single Family Mortgage Limits under Section 203(b). Any HOME-assisted rental units in multi-family properties must be leased to households earning no more than 60% of area median income. These rental units may be leased at the "high" HOME rent. (Please contact DHCD for a list of the 203(b) mortgage limits or go to www.hud.gov/cpd/home/homeweb.html for the maximum rents and household incomes for your community.)
Holdback Feature	DHCD provides HOME funds through a simple requisition process and holds back 10% of the HOME award by property until the property is substantially complete.
Term of Loan	Loans to "Eligible Borrowers" will be for 2 years. By the maturity date, each unit must be sold to income-eligible first-time homebuyers. The length of the Affordable Housing Restriction for the homebuyer is a minimum of 15 years. In the event the homebuyer desires to sell the property prior to the end of the term of the Restriction, certain resale/recapture requirements will apply.
Recourse	The loans to "Eligible Borrowers" will be non-recourse.
Interest Rate	Generally, DHCD HOME loans are deferred payment loans with zero percent interest rates.
Environmental	At a minimum, an ASTM Phase One environmental site assessment must be submitted for each property.
Lead Paint Requirements	HUD Federal lead-based paint regulations at 24 CFR Part 35 apply to all projects that are awarded HOME monies.

Terms and Conditions: HOME-Funded Project-Based First Time Homebuyer Projects	
Good Standing at DHCD	Applicants for HOME funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
Handicapped Accessibility	Applicants should be sensitive to the need to develop adaptable and/or accessible units in properties that are being newly constructed. In addition, if a buyer or a member of the buyer's household is handicapped, necessary modifications must be made to ensure accessibility. The costs of the modifications may be passed on to the buyer.
Application Fees	The application fee for non-profit developers is \$300 per project; the fee for for-profit developers is \$750 per project.

The following terms and conditions apply to all HOME American Dream Downpayment Initiative:

Terms and Conditions: HOME American Dream Downpayment Initiative	
Eligible Applicants	Non-profit organizations and non-entitlement municipalities
Eligible Activities	Provision of funds to low-income households for down payment or closing costs assistance.
Maximum Application Amount	DHCD will award up to \$150,000 per application. Assistance to individual homeowners is limited to 5% of a property's purchase price up to a maximum of \$10,000.
Match Requirement	Projects located in HOME entitlement or consortium communities should include a commitment of local funds. If an application is submitted without a full match, it may not be scored. In general, preference will be given to applications with full match commitments.
Security	All HOME loans will be secured by a second mortgage on each property purchased by an eligible first-time homebuyer
Affordability	First-time homebuyers receiving a HOME Acquisition Loan may earn no more than 80% of the area median income. Each HOME-assisted unit must have a purchase price that does not exceed 95% of the area's median price, as determined by the Single Family Mortgage Limits under Section 203(b). Any HOME-assisted rental units in multi-family properties must be leased to households earning no more than 60% of area median income. Rental units may be leased at the "high" HOME rent.
Term of Loan	Loans to homebuyers will be for 5 years during which time the property must remain the buyer's primary place of residence. In the event that a buyer desires to sell the property prior to the end

Terms and Conditions: HOME American Dream Downpayment Initiative	
	of the five year term, DHCD will recapture the entire amount of the ADDI loan or the net proceeds from sale, whichever is less. During the five year term of the ADDI note, DHCD will not subordinate to cash out refinances. If the homeowner wishes to take cash out during the term of the note, he or she will be required to payoff DHCD.
Recourse	The loans will be recourse to the borrower.
Interest Rate	First-time Homebuyer Acquisition loans are deferred payment loans with zero percent interest rates.
Environmental	An environmental checklist and assessment is required to be completed for each property.
Good Standing at DHCD	Applicants for HOME funds must be in good standing with DHCD with respect to other DHCD-assisted projects.

First-time Homebuyer Resale or Recapture Provisions

DHCD intends to award approximately \$2,580,755 in HOME funds to support first-time homebuyer programs. As in the past, DHCD will provide sponsors of first-time homebuyer programs not located in HOME-entitlement communities with model loan documents. The Commonwealth's HOME program has developed two types of deed riders: the deed rider for purchaser-based assistance calls for recapture only, and the deed rider for project-based assistance calls for resale to an eligible purchaser and recapture only if there is no resale to such a purchaser.

“Recapture” for purchaser-based assistance has a five-year restriction and the maximum assistance amount is limited to 5 percent of a property's purchase price up to a maximum of \$10,000. The recapture provision works as follows: A homeowner wishing to sell a unit within five years of the date of the deed rider may sell the unit to a third party free of any restrictions as long as the assistance amount is paid to DHCD. The recapture amount can never be greater than the net sales proceeds.

“Resale” for project-based assistance works as follows: A homeowner wishing to sell a unit within 15 years (or greater) of the date of the deed rider, the “Grantor” (i.e., non-profit sponsor/municipality) and DHCD has the right of first refusal to either purchase the unit itself or locate a HOME-eligible first-time homebuyer to purchase the unit within 145 days. A sale to the Grantor, DHCD or a HOME-eligible buyer is at the “Base Price”, which is the sum of the the purchase price paid by the homeowner, the cost of any approved capital improvements paid by the homeowner, and a return on the owner's equity.

If neither grantor, DHCD, nor an eligible purchaser buys the unit, it may be sold to any third party at the fair market value and free of restrictions, provided that the “recapture amount” is paid to DHCD. The recapture amount is the greater of the HOME “assistance amount” reduced by one-fifteenth for each full year elapsed since the homeowner purchased the unit, and fifty percent of the amount by which the net sale proceeds (the resale price less allowable secured debt, appraisal cost, broker's fees, and recording costs) exceed the sum of the owner's down payment, principal

payments made on allowable secured debt, and approved capital improvement costs. In no event, will the Recapture Amount be greater than the total amount of secured debt on the property plus broker's feed, recording costs, appraisal costs and excise taxes incurred with the sale of the property. A sale to a market-rate buyer is subject to DHCD approval, and the sale price should reflect the fair market (i.e., unrestricted) value of the unit determined by the appraisal at the time of resale.

Eligible Applicants for HOME Funding

PROGRAM COMPONENT	ELIGIBLE APPLICANTS
Rental Production	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer
First-Time Homebuyer Project	Community Housing Development Organization (CHDO) Non-Profit Developer For-Profit Developer Municipal Entity in Partnership with Non-Profit or For-Profit Developer
First-Time Homebuyer Purchaser	Non-Profit Sponsor Non-Profit Sponsor in partnership with a Municipal Entity Municipal Entity that is <i>not</i> a HOME Entitlement or a member of a HOME Consortium

HOME Match

The resources for the HOME match continue to be the state-funded Massachusetts Rental Voucher Program and the state's Housing Stabilization Fund (both described in this section of the plan). Annual expenditures through these two programs alone are approximately \$38 million. Since states are permitted to "bank" match, that expenditure level would constitute match -- calculated at 25 cents (\$0.25) on the HOME dollar (\$1.00) -- for many years.

HOME Technical Assistance

In 2004, DHCD applied for HOME Technical Assistance in conjunction with Franke Consulting Group, Mostue Associates, Massachusetts Housing Partnership Fund, and Citizens' Housing and Planning Association (the "team"). HUD made an award of \$140,000 to the team. We will use to provide a comprehensive array of technical assistance and training activities to organizations and projects throughout the Commonwealth and across New England through the New England Housing Network.

In addition to the training described above, DHCD plans to continue its popular series of Peer to Peer Workshops where the participants are given the control of the agenda, and allowed to get together in discussions with their peers and a seasoned HOME TA provider about practical issues. As many HOME administrators are quite experienced and don't want to sit through lengthy

training sessions that offer too much basic “rules” training and not enough practical information about the day-to-day administrative challenges they have in running the program, we’ve found that the peer session responds to the needs of the seasoned administrator and provides helpful information to the more novice HOME specialist.

The team will continue to work closely with the local HUD office to provide technical assistance to organizations it has identified. The team also will continue to be available to perform other activities that assist HUD in meeting its community goals. To that end, our process for selecting which organization will receive technical assistance will be flexible and will incorporate HUD’s demand response model.

HOME Performance Measures

In accordance with CPD Notice 03-09, DHCD’s HOME program has been working towards a method of quantifiable performance measurement. Representatives from Massachusetts have participated with the national workgroup which developed the HUD Outcome Performance Measurement System, as outlined in the Federal Register, June 10, 2005. Two of the Commonwealth’s housing and community development objectives are the primary focus of the HOME program:

1. Develop and maintain an adequate supply of safe, decent housing that is affordable and accessible to residents with a range of income levels and household needs, and
2. Expand sustainable homeownership opportunities for low, moderate and middle income families.

To meet these objectives, DHCD provides funding for rental production, rental rehabilitation, homeownership production and homebuyer assistance. DHCD has begun incorporating the following primary performance measures for each funding type:

Rental Production

- Number of affordable units produced for each income category
- Amount of money leveraged for the rental activity
- Number of units for households at or below 30% of area median income
- Number of units for elderly households
- Number that are accessible under Section 504
- Number of units that meet the International Building Code (IBC) energy standards
- Of the units meeting IBC standards, the number meeting Energy Star standards
- Number of units for formerly homeless households
- Number of units for former residents of public housing

Rental Rehabilitation

- Number of affordable units preserved for each income category
- Amount of money leveraged for the rental activity
- Number of units for households at or below 30% of area median income
- Number of units for elderly households
- Number that are accessible under Section 504
- Number of units that meet the International Building Code energy standards
- Of the units meeting IBC standards, the number meeting Energy Star standards
- Number of units brought to lead safety standards

- Number of unit-years of extended affordability
- Number of units for formerly homeless households
- Number of units for former residents of public housing

Homeownership Production

- Number of affordable units produced
- Amount of money leveraged for the homeownership production activity
- Number of units for households at or below 30% of area median income
- Number of units for elderly households
- Number that are accessible under Section 504
- Number of units that meet the International Building Code energy standards
- Of the units meeting IBC standards, the number meeting Energy Star standards
- Analysis of the HOME beneficiaries as described below

Homebuyer Assistance

- Number of homebuyers assisted
- Of the number of homebuyers assisted, the number that had been residents of public housing, privately subsidized housing, or of a manufactured home community.
- Number of minority households assisted
- Number of household children under age 6
- Number of homebuyers moving from housing with lead-based paint
- Number of homebuyers who had been homeless
- Number of homebuyers at incomes below 60%, 50%, 30%
- Number of homebuyers that had previously been in an over-crowded or substandard housing situation
- Number of homebuyers completing pre and post-purchase counseling

We expect that DHCD's HOME Program's performance measurement standards will continue to evolve, as our experience with the initiative matures and HUD issues further guidance.

Program Specific Requirements

Emergency Shelter Grant (ESG) Program

MASSACHUSETTS ESG PROGRAM FOR FISCAL YEAR 2006

The Commonwealth of Massachusetts has designated the Department of Transitional Assistance (DTA) to distribute Emergency Shelter Grant funding in the state. Working with the U.S. Department of HUD, the Commonwealth revised its procedures for awarding these grants early in federal FY 2005.

To distribute ESG funds for providing services beginning in Fiscal Year 2007, DTA plans to issue a procurement which will result in three year contracts. The three year period will be subject to appropriations, the guidance of the Interagency Council on Homelessness and Housing, the Policy Academy, HUD regulations, the Interagency Task Force and the terms of an issued Request for Responses (RFR).

Process for awarding funds

During federal FY 2003 and 2004, DTA renewed the grants that were awarded in the previous year. EOHHS was the grantee of the ESG funds up until July, 2003 and brought and determined awards under the Emergency Shelter Grant (ESG) program. The transition of Grantee status to DTA from EOHHS in federal FY 2003 required a change in the process for awarding ESG funds. DTA needed to bring the process into compliance with regulations governing DTA's competitive procurement process. The first year of the new competitive procurement process was federal FY 2005. DTA awarded 57 contracts as a result of that procurement and will continue to conduct procurements in accordance with the regulations of its oversight agencies. These regulations are designed to ensure that all funding requests are evaluated fairly and in accordance with common selection criteria which is provided to potential bidders in the RFR.

Allocation of Funds

Notice of funding availability is accomplished through notification of the state agencies' provider networks; notice in state publications and through the Internet Comm-PASS system. Proposals received in response to the RFR are received at DTA, logged, and are first reviewed to determine if they meet the minimum qualification requirements specified in the RFR. All qualified responses received which meet the minimum qualification requirements are evaluated by an ESG Selection Committee. There may be more than one Selection Committee depending on the number of responses received. Each Selection Committee comprises:

- A member of the Interagency Task Force for Housing and Homelessness (IATF), if available;
- A Department Contract Manager;
- A state employee who works with homeless individuals and/or families; and
- The Chairperson of the ESG Selection Committees and the recorder of minutes, both of whom will participate in all selection committee meetings as non-voting members.

References submitted by an IATF representative who directly manages any existing contracts with a bidder will be included in the evaluation of the references in accordance with the terms of the RFR.

After each Selection Committee has completed its evaluations, all Selection Committees are convened as a Procurement Management Team (PMT). The PMT then conducts a final evaluation of each combined response to determine which responses received the highest evaluations and should be recommended for selection to the Director of the Housing & Homeless Services Unit. The PMT recommendations are reviewed by the Director. Upon approval, the Director submits them to the Commissioner who makes the final determination of selections and awards.

The minutes of the Selection Committee meetings establish a permanent public record of the basis upon which contracts were evaluated and awarded.

Following the determination of any awards, the Department announces the awards through written notification to successful bidders and to the IATF. The appropriate EOHHS agency contracts with successful bidders, negotiates budgets, and monitors the provider's activities to assist and ensure the provider's compliance with the terms of its contract. DTA maintains oversight responsibilities for administration of ESG grants by the EOHHS agencies.

ESG funds in federal FY 2005 were awarded to organizations which had a minimum of ten years experience working with homeless individuals and/or families. Fifty-seven ESG contracts were awarded in federal FY 2005, nine more than in the previous year. For further information, contact the Department of Transitional Assistance at (617) 348-5936.

Program Specific Requirements

Housing Opportunities for Persons with AIDS (HOPWA) Program

MASSACHUSETTS HOPWA PROGRAM FOR FISCAL YEAR 2006

Selection of Project Sponsors

The Massachusetts Department of Public Health (MDPH) HIV/AIDS Bureau will use \$217,615 in HOPWA funds during fiscal year 2006 to support two programs. One program will provide permanent, congregate, supportive housing services for individuals living with HIV/AIDS and the other will offer technical assistance services to HIV/AIDS housing providers statewide.

The supportive housing program was awarded funds during a statewide procurement of residential support services that occurred during state fiscal year 2005. Both state and HOPWA funds were allocated during this procurement process. The purpose of the Request for Response (RFR) was to improve the quality of life for people living with HIV/AIDS across the state by ensuring linkages to primary care and supporting the stability of individuals and families with histories of homelessness, substance use, and/or mental illness. Applicants were required to demonstrate their ability to deliver low-threshold services in a culturally and linguistically appropriate manner and in accordance with the HIV/AIDS Supportive Housing Standards of Care.

Vendors were selected after comprehensive community and internal review processes. Community review teams, including providers and consumers of HIV/AIDS services and staff of the Massachusetts Department of Public Health and other state agencies, thoroughly reviewed each proposal and offered recommendations. The internal review process that followed involved program and senior staff from the HIV/AIDS Bureau, as well as the community review group facilitators. This group made funding recommendations based on the community review teams' feedback, in addition to an evaluation of past performance, the needs of critical populations, geographic considerations, and epidemiological profiles of each region. A final level of review involved senior staff from the Department of Public Health.

Of the agencies awarded funds through this procurement, senior staff from the HIV/AIDS Bureau then selected two agencies to be supported with HOPWA resources, in addition to state funds. The agencies were chosen based on geographic considerations relative to other HOPWA Eligible Metropolitan Statistical Areas (EMSAs), history of HOPWA funding, and geographic reach of services. In fiscal year 2006, MDPH will have enough HOPWA resources to fund only one of these two agencies, in addition to the technical assistance program which will continue to be supported with HOPWA resources. This technical assistance program was selected during a 1997 procurement and will be subject to participation in a new procurement process during state fiscal year 2006.

The HIV/AIDS Bureau conducts thorough oversight of all of its contracts. Monitoring mechanisms include an annual submission of program-specific goals and objectives, regular narrative reports that address the goals and objectives in addition to system-wide performance measures, client-level data collection, annual site visits, and ongoing fiscal monitoring. Bureau staff members provide technical assistance when necessary and offer regular program development opportunities and trainings that help enhance staff capacity and improve quality throughout the service system.

Program Specific Requirements

Community Development Block Grant (CDBG)

The FY 2006 CDBG One Year Action Plan begins on the following page.